



Regional Standardization Newsletter



Volume 1, Issue 2

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Regional Standardization Factoids

- The TRICARE Regional Business Office can be reached at DSN 554-4848
- This region is the largest in terms of facilities and geography
- We've now standardized 36 product lines
- Projected savings this FY of \$1.6 million



Where can I go for more information?

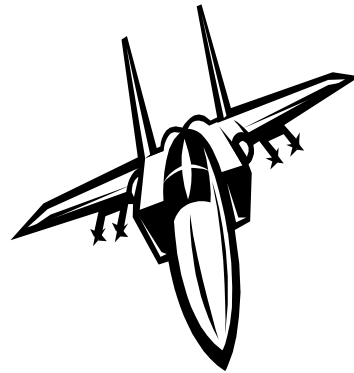
DSCP dmmonline

<http://dscp305.dscp.dla.mil/dmmonline/index.asp>

Welcome to Regional Product Standardization

This newsletter is directed to the logistics and clinical community and attempts to provide information and guidance on Region 6,7, and 8 product standardization efforts. We are acutely aware that many of you feel this is either a decision made in a vacuum and imposed on the facilities throughout the region, or is another wild idea whose days are numbered and impact will be negligible. Neither is the case. The world has changed again and we as logisticians and clinicians are on the firing line to bring cost savings to our facilities. The way to do this is to combine our volumes and drive better pricing. We do this through a small staff from McAdams Technologies and military members, working out of the TRICARE Lead Agent office, and a lot of out of hide effort. Like you, we are trying to balance the many demands on our time and decreasing staff to accomplish our mission. We will try to publish this newsletter at least quarterly. This is the second attempt, so feedback is both welcomed and encouraged. Please feel free to contact me at eric.

crandell@tricaresw.af.mil or call me at DSN 554-4349 if you have any ideas or suggestions that would make this newsletter more beneficial for the logistics and clinical staff throughout Region 6,7, and 8.



Frequently Asked Questions About Standardization Process

Q: Who decides what gets standardized?

A: There were originally two phases to the standardization effort. Phase I was made up of 16 product lines that came out of Region 1 (National Capitol) and were adopted by the three Log Chiefs for each service. We are now through the first grouping. It included drapes and

gowns, needles and syringes, blood collection tubes, sequential compression devices, anti-embolism stockings, endoscopy supplies, surgical tapes, hospital plastics, masks, sharps containers, sponges, advanced wound care, oxygen regulators, ostomy supplies, urological supplies, and exam gloves. To that list we added many more that were "no-



Frequently Asked Questions..continued

brainers” or items that could be done quickly with little impact on users. The next phase is more open to the discretion of the Regions to identify where savings can be found. For instance, we signed an agreement with Guidant Technology for the cardiac catheterization product line. This product line has proven to hold significant savings, although they are only used at 3 of our facilities (Wilford Hall, BAMC, and WBAMC)

Q: Who participates in the decision?

A: In an indirect way, you all do. Our “super region” is made up of the 44 facilities of Region 6, 7, and 8 which comprise the three services, 32 Air Force, 10 Army, and 2 Navy. We also have 6 Air Force Major Commands, and the Great Plains Regional Medical Command for the Army. To reach consensus across such a diverse landscape has been a challenge. The Army nominated 5 of their facilities to be partners, Air Force used 6 of theirs; Army: BAMC, William Beaumont, Evans (Ft. Carson), Darnell (Ft. Hood), and Reynolds (Ft. Sill), the Air Force: AETC (Wilford Hall, Sheppard), AMC (Grand Forks), AFA/Space (Air Force Academy), AFMC (Kirtland), ACC (Nellis). When we work on a product line we build the Clinical Product Team from these facilities in most cases. All information is sent back to them and they either participate directly in the clinical trials, or review the results and make recommendations to the CPT leader. If a “non-partner” facility has an expertise in an area, they can be a direct participant as well. For the Air Force, let your MAJCOM know and ask that your partner facility defer to you on that item, for the Army go through the GPRMC Logistics Lead, COL Jim Fletcher.



Q: Who approves the decision?

A: The Clinical Product Team conducts clinical evaluations on the items and then makes recommendations to the TRICARE Product Review Board (TPRB). This is currently made up of clinicians and logistics staff from Lead Agent 6, Wilford Hall, and BAMC. It is our goal to broaden the representation to the other facilities in the region, but time and technology is a major challenge. The CPT leader makes a recommendation to the full board based on clinical trials. The manufacturers whose products are acceptable are put in rank order. The contracting cell then approaches these acceptable vendors for their best pricing based on estimated usage and percentage of the market share. We’ve found that some items lend themselves to nearly 100% committed volume (needles and syringes), while others end up in a split based on clinical issues (ostomy supplies). We then take the negotiated pricing back to the CPT and ask them to determine the “best value” to the government balancing price and clinical quality. Many times the lowest priced item is not a best value if they do not hold up clinically, or the product support is non-existent. Based on this “best value” the CPT leader makes a recommendation to the TPRB and a decision is made.

Q: How do I start using the standardized item?

A: Once the decision is made by the board, the vendor is notified of the decision and a signed agreement is accomplished. This agreement is signed by a representative of the company and the Regional Logistics Chief located at Wilford Hall Medical Center. DSCP is notified of the modification to the DAPA (Distribution and Pricing Agreement) and the vendor must then come in and change their pricing. These adjusted prices only apply to the facilities in the region. Once they are updated, the UDR (Universal Data Repository) is also updated. The new pricing also goes to the Prime Vendors that support our facilities. We also send a letter to your Commander advising of the standardized item and requesting that you switch to this item as soon as possible. We will then track usage from legacy system reports, DSCP databases, and direct contact with the Prime Vendors. We are still working out the bugs in this process. We are aware that our first products directed you to switch to the new items before the vendors had time to update the pricing with DSCP. Also, the Prime Vendor contracts allow 30 days to deplete their current stocks and bring in the new items. This process has proven to have gotten a lot better with the implementation of the Generation II Prime Vendor agreement with Alliance.

Q: What if I find a better price than the standardized item?

A: We are aware that on occasion you will find a better price on a particular item, and the temptation is to use it. Other times your current vendor will offer you a lower price than that of the standardized item as an incentive to stay with them. Remember, we are all part of a bigger system and the savings to your facility is part of a greater effort. Sometimes the decision we made used a higher priced product based on clinical reasons. Surgical Gloves to Biogel, slippers to Bird & Cronin are two examples. The CPTs strongly felt that the clinical benefits outweighed the price difference. Sometimes the clinicians view cost savings as a “loggie plot” to sacrifice clinical quality on the alter of cost savings. This standardization effort is clinically driven with the logistics staff being the “executors” of the process. We know that there will be additional savings realized as we eliminate multiple products and standardize on a single vendor. This reduces on-hand stock, handling, purchasing costs, and pulling errors. In short, don’t “cherry pick”, in the long run we will save a great deal more if we go with the standardized item which was approved by the TPRB...logisticians as well as clinicians.



Frequently Asked Questions...continued

Q: How do we negotiate these prices without going through contracting?

A: This program is DOD's effort to look and act like a Group Purchasing Organization (GPO). To do so we needed a flexible purchasing platform that would allow direct negotiation and commitment based on our best estimates. The DAPA is the vehicle that meets this need. It is an agreement not a contract. Since it is an agreement, the vendors understand that we reserve the right to enter into agreements with them. They understand that our commitment is real, and we intend to honor it. The Prime Vendor's role is to distribute the items on which we reach agreements. To say that we are plowing new ground here is a tremendous understatement. Vendors as well as users are scratching their heads that this is not the way the government ever did business before. We are sticking very close to the legal department at DSCP to be sure that we stay within the ground rules that are currently laid out.

Q: What if we decide not to use the standardized item?

A: We want and expect the facilities to use the standardized item whenever possible. If there is a clinical reason or a contractual situation that you cannot get out of, let us know. If we can help you get out of the contractual situation, we will so that the switch can be made. If there are clinical reasons why you can't change, these will be referred to Dr. Joyce Grissom who is the Chief Medical Officer for Region 6 and the Chairman of the TPRB. We will monitor use of the standardized items through reports from the Prime Vendor as well as reports from our legacy systems (MEDLOG and TAM-MIS, and MICS), as well as reports from DSCP. We will continue to provide you, as well as your commanders, updates on standardization. On both the Army and Air Force sides, savings have been clearly laid out. It is imperative that we move out smartly to achieve these estimated savings, but just as important, is a unified effort through the standardization program instead of trying to strike out on your own. There is no doubt that savings realized through this program are critical to your facility being able to continue providing top-notch patient care.



News, Notes, and What we're working on....

We have a new member who has joined the standardization team here at the Lead Agent. Pat Flowers comes to us from the Methodist Health System, where she was responsible for many Operating Room issues such as purchasing and Quality Control issues. She will be joining Kevin Hill as the Nurse Methods Analyst team here in Region 6, 7, and 8. Feel free to call either Pat or Kevin on any clinical issues you may have with the standardization process.

CPT Activities:

Endoscopy—This CPT was just completed, and pricing has been submitted to our contracting officer for consideration.

Radiological Contrast Media—We're now wrapping up the clinical portion of this CPT. The next step in the process will be to go out and collect pricing from the accepted vendors. Pricing updates planned for Sept. 01

Glucometers—The CPT is currently in the process of reviewing products from the vendors. Estimated completion date for this line is Nov. 01

Sutures—Clinical Trials are currently on-going for this product line. Estimated completion date of Dec. 01

Orthopedic Implants—as voted on by the TPRB, this product line has been put on indefinite hold. Updates will be made available as we decide on the direction to take with this product line.

Anesthesia Breathing Circuits—the vendors that plan to present on this product line have been sent criteria by the CPT for consideration. Estimated completion date of Nov. 01

Waterless Bathing—The participating vendors have been sent standardization information regarding clinical criteria. Estimated completion date of Oct. 01

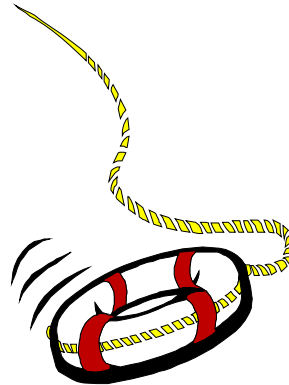
Casting Materials—The participating vendors have been sent standardization information regarding clinical criteria. Estimated completion date of Oct. 01



Tri-Service Regional Business Office

Product Lines we have identified for future standardization...

- Egg Crate Pads
- EKG Paper
- Implantable Defib/Pacemakers
- Ortho Soft Braces
- OR Scrub Supplies
- Diapers
- Alcohol Prep Pads
- Irrigation Solutions
- CSR Wraps and Peel Packs
- Exam Table Paper
- Knife Blades
- Crutches, Walkers, etc.
- Disposable Towels, Wipes, etc.
- Electrocautery Supplies
- Hats, Shoe Covers



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